

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01

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P R 170800Z DEC 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 5569

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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DEPT PASSTREASURY, CEA AND FEDERAL RESERVE

PARIS PASS YEO AND ESCOUBE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN NOVEMBER - PROVISIONAL

1. SUMMARY: IN NOV JAPAN'S DEFICIT ON BASIC BALANCE
DECLINED TO LESS THAN HALF OF \$466 MIL DEFICIT REGISTERED
IN OCT ACCORDING TO PROVISIONAL B/P STATISTICS. REDUCED
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DEFICIT WAS DUE TO BOTH LARGER TRADE SURPLUS AND SMALLER

NET OUTFLOW OF LONG-TERM CAPITAL THAN IN PRIOR MONTH. NET OUTFLOW OF NON-MONETARY SHORT-TERM FUNDS ALSO DECLINED SHARPLY. OFFICIAL SETTLEMENTS DEFICIT, HOWEVER, ROSE FROM PRIOR MONTH AS INFLOW OF COMMERCIAL BANK SHORT-TERM FUNDS WAS ONLY ONE-QUARTER OF \$694 MIL RECORDED IN OCT. THE YEN DECLINED SLIGHTLY AGAINST DOL TOWARD END OF NOV AND GOJ REDUCED JAPAN'S OFFICIAL RESERVES BY \$234 MIL DURING ATTEMPT TO DEFEND 303 YEN/DOL RATE. END SUMMARY.

2. UNADJUSTED TRADE SURPLUS INCREASED BY \$93 MIL TO \$440 MIL IN NOV FROM OCT LEVEL. HOWEVER, SEASONALLY ADJUSTED TRADE SURPLUS DECLINED SHARPLY TO \$54 MIL IN NOV AS COMPARED TO \$298 MIL SURPLUS OF OCT. EXPORTS (F.O.B., SEASONALLY ADJUSTED) DECLINED BY \$503 MIL IN NOV FROM OCT (AS MUCH AS 10.7 PERCENT). MOF ATTRIBUTED SHARP DECLINE IN NOV EXPORTS TO LARGE FLUCTUATION OF SHIP EXPORTS AND PREDICTED GRADUAL RECOVERY IN JAPAN'S EXPORTS IN THE MONTHS AHEAD SINCE LEADING INDICATOR OF EXPORTS (E.G. LETTERS OF CREDIT) HAS CONTINUED TO INCREASE SINCE SEPT. IMPORTS (F.O.B., SEASONALLY ADJUSTED) DROPPED BY \$259 MIL (5.9 PERCENT).

3. IN NOV NET PAYMENTS FOR SERVICES AND TRANSFERS WERE \$460 MIL, REMAINING AT THE USUAL MONTHLY LEVEL. AS RESULT, CURRENT BALANCE IN NOV RECORDED SMALL \$20 MIL DEFICIT AS COMPARED TO \$136 MIL DEFICIT IN OCT.

4. LONG-TERM CAPITAL RECORDED SMALLER NET OUTFLOW OF \$180 MIL IN NOV COMPARED WITH \$330 MIL NET OUTFLOW IN OCT. BOND ISSUES ABROAD BY JAPANESE ENTERPRISES RECOVERED TO MORE USUAL MONTHLY LEVEL OF \$112 MIL INFLOW IN NOV. FOREIGN PURCHASES OF OUTSTANDING JAPANESE SECURITIES (BOTH STOCKS AND BONDS) EXCEEDED SALES IN NOV IN CONTRAST TO \$1 MIL NET SALES IN OCT. OUTFLOW OF JAPANESE CAPITAL RESULTED FROM \$140 MIL CONTRIBUTION TO INTERNATIONAL DEVELOPMENT ASSOCIATION BY GOJ AND 10 BIL YEN (ABOUT \$30 MIL) YEN-DENOMINATED BOND ISSUE BY NEW ZEALAND GOVERNMENT IN NOV.

5. NOV DEFICIT IN OVERALL BALANCE OF \$390 MIL WAS
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ONLY PARTLY FINANCED BY \$170 MIL INCREASE IN COMMERCIAL BANKS' SHORT-TERM NET LIABILITY POSITION. AS RESULT, OFFICIAL SETTLEMENTS BALANCE RECORDED DEFICIT OF \$220 MIL AND PUBLISHED OFFICIAL RESERVES DECREASED SHARPLY BY \$234 MIL FROM OCT LEVEL TO \$12,958 MIL. GOLD AND FOREIGN EXCHANGE TOTALLED \$11,643 MIL, GOLD TRANCHE \$795 MIL, AND SDR'S \$520 MIL.

6. FOLLOWING ARE PRELIMINARY MOF DATA ON NOV BALANCE OF PAYMENTS IN MIL DOLS (IMF BASIS, NOT SEASONALLY ADJUSTED). RECEIPTS AS WELL AS INCREASE IN RECEIPTS OR DECREASE IN PAYMENTS ARE SHOWN AS PLUS; QUOTE MIN UNQUOTE INDICATES OPPOSITE.

	NOV	OCT	
	PROVISIONAL	REVISED	CHANGE
(1) CURRENT BALANCE	MIN 20	MIN 136	116
TRADE BALANCE	440	347	93
EXPORTS	4,310	4,757	MIN 447
IMPORTS	MIN 3,870	MIN 4,410	540
SERVICES AND			
TRANSFERS	MIN 460	MIN 483	23
(2) LONG-TERM CAPITAL	MIN 180	MIN 330	150
(3) BASIC BALANCE	MIN 200	MIN 466	266
(4) NON-MONETARY SHORT-TERM CAPITAL AND ERRORS AND OMISSIONS COMBINED	MIN 190	MIN 332	142
(5) OVERALL BALANCE	MIN 390	MIN 798	408
(6) COMMERCIAL BANKS SHORT-TERM NET POSITION	170	694	MIN 524
(7) OFFICIAL SETTLEMENTS BALANCE	MIN 220	MIN 104	MIN 116

7. SEASONALLY ADJUSTED TRADE DATA (IMF BASIS) AS FOLLOWS:

	NOV	OCT	
	PROVISIONAL	REVISED	CHANGE
EXPORTS	4,201	4,704	MIN 503
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IMPORTS	MIN 4,147	MIN 4,406	259
BALANCE	54	298	MIN 244

8. NOTE: RATES OF EXCHANGE USED BY MOF TO CONVERT TO DOL BASIS WERE 302.42 YEN PER DOL FOR OCT 1975 AND 302.46 YEN PER DOL FOR NOV 1975.
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